# What Happens if You Work While Receiving Social Security?

Understand how money earned from a retirement job could impact how much you get from Social Security.

By Rachel Hartman | Edited by Katy Marquardt | Reviewed by Susannah Snider, CFP | Aug. 11, 2023 |

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If you opt to work while receiving Social Security before your full retirement age, you will only be able to receive a certain level of income before your Social Security benefit is temporarily reduced.

Picking up a part-time job in retirement is an easy way to improve your retirement lifestyle. But the amount you earn could affect your benefits, based on your age and income. Before starting a retirement job, you'll want to run the numbers to see how your Social Security benefits might change.

If you start a new job after you begin receiving Social Security benefits, the payments you're eligible for could change. If you receive Social Security income while working:

- Your Social Security benefits might be temporarily reduced.
- The Social Security earnings limit depends on your age.
- The amount you earn can impact the benefits you receive.
- You might be eligible for a higher Social Security benefit later.

Read on to understand the consequences of working while receiving Social Security benefits.

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Once you have turned your full retirement age, there is no limit on how much you can earn while collecting Social Security payments. Your full retirement age is based on the year you were born. The full retirement age for anyone born between 1943 and 1954 is 66 years old. The number increases by months for those with birth years between 1955 and 1959. Individuals born in 1960 or later have a full retirement age of 67.

“Your full retirement age is one of those critical dates in retirement that you need to know, especially when it comes to Social Security,” says Andrew Wood, a retirement planning advisor with Daniel A. White & Associates in Middletown, Delaware. If you work while receiving benefits prior to full retirement age, "you could be impacted by the earnings test, which could reduce or even eliminate the checks you're planning to receive," Wood says.

## How Much Can You Earn While Receiving Social Security?

If you opt to work while receiving Social Security before your full retirement age, you will only be able to receive a certain level of income before your Social Security benefit is temporarily reduced. The Social Security earnings limit is $1,770 per month or $21,240 per year in 2023 for someone who has not reached full retirement age. If you earn more than this amount, you can expect to have $1 withheld from your Social Security benefit for every $2 earned above the limit.

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For example, suppose you are 65 years old, receive $2,500 in Social Security benefits every month and have a job that pays $2,000 a month. You are over the income limit of $1,770 by $230 each month. During a year, you will receive $24,000 from the job, which is $2,760 more than the annual earnings threshold of $21,240. As a result, $1 out of every $2 above the threshold will be withheld. In this case, $115 will be withheld every month from your Social Security checks. You can expect to receive $2,385 each month from Social Security. When you turn your full retirement age, your payments will be recalculated to give you credit for the withheld portion of your benefit.

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## The Social Security Earnings Limit Changes the Year You Reach Full Retirement Age

There's a different Social Security earnings limit for those who will turn their full retirement age in 2023, and the penalty for earning too much is smaller. If you reach your full retirement age in 2023, the limit on your earnings for the months before your full retirement age is $56,520. If you earn more than $4,710 per month before you turn your full retirement age, $1 will be withheld from your benefit for every $3 in excess earnings.

For example, if you will reach your full retirement age in 2023 and you currently receive $2,500 a month from Social Security along with $5,000 every month from a job, part of your benefit will be temporarily withheld. Your income surpasses the Social Security earnings threshold by $290. You can expect to have your benefits reduced by around $97 each month, since $1 out of every $3 earned above the limit will be withheld until you turn your full retirement age.

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## Social Security Payments Are Only Withheld Temporarily

If you work while receiving Social Security benefits prior to reaching full retirement age and see a change in benefits, the adjustment is only temporary. "This is not a permanent reduction," says Kris Jerke, president of Ascend Financial in Sioux Falls, South Dakota. "You will receive credit for reduced benefits once you reach full retirement age."

You could end up receiving bigger Social Security payments later that reflect your continued earnings. “This is a great payout to consider if you are still healthy and able to work during the early retirement years,” says Jared Weitz, CEO of United Capital Source in Garden City, New York.

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If you are receiving Social Security benefits, you'll want to keep in mind that any income from working, withdrawals from traditional IRAs or 401(k)s and dividends and interest on your investments can contribute to making part of your Social Security payments taxable.

If the sum of your adjusted gross income, nontaxable interest and half of your Social Security benefit is higher than $25,000 as an individual and $32,000 as a married couple, you might have to pay income tax on up to 50% of your Social Security payments. If these income sources are greater than $34,000 ($44,000 for couples), up to 85% of your Social Security benefit can be taxable.

## Can You Work and Collect Social Security Benefits?

Yes, you can work and collect Social Security benefits at the same time. However, if you are younger than your full retirement age, part of your Social Security payments may be temporarily withheld if you earn too much. Once you turn your full retirement age, there is no penalty for working while collecting Social Security benefits, and your payment will be increased to give you credit for benefits that were withheld in the past.

BY KARGO

Emily Brandon May 9, 2023

**Updated on Aug. 11, 2023:** This story was previously published at an earlier date and has been updated with new information.

**Tags: retirement, money, employment, Social Security**


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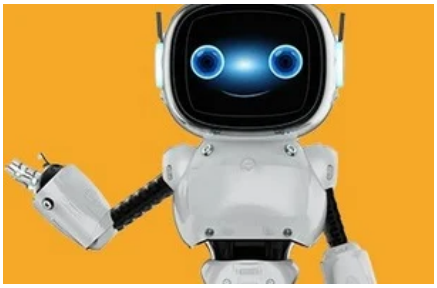

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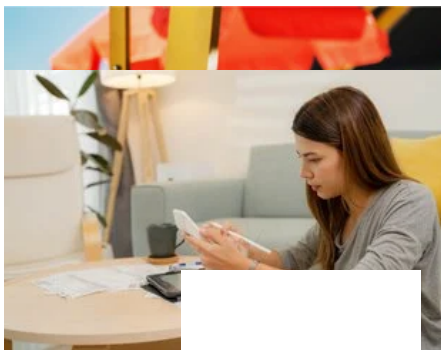

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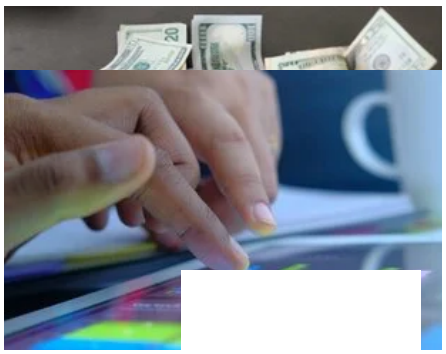

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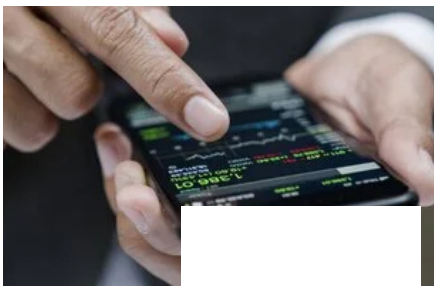

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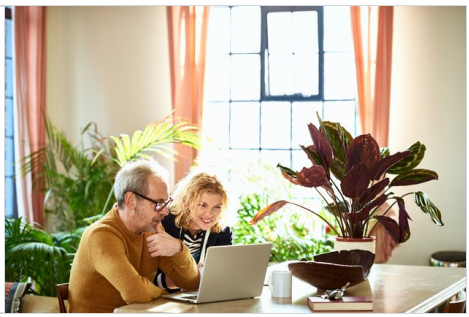

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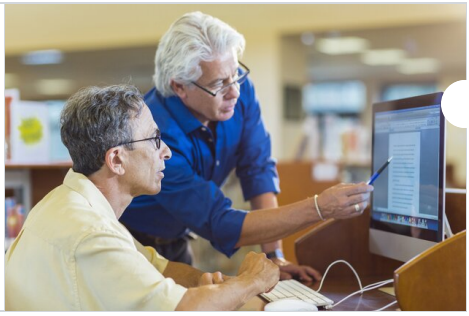

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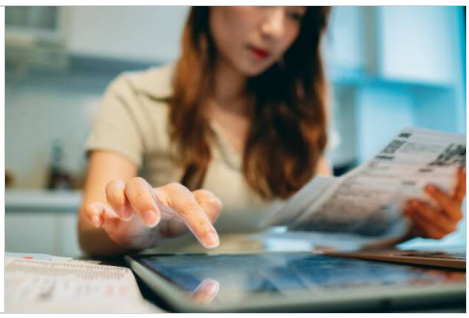

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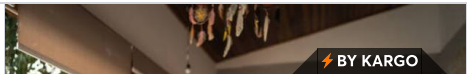

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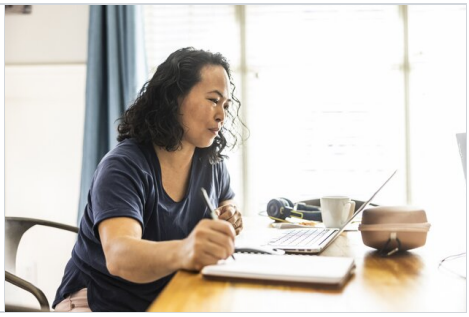

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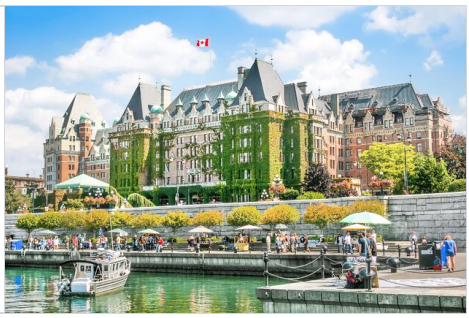

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